

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6930
BILL NUMBER: SB 278

NOTE PREPARED: Jan 5, 2003
BILL AMENDED:

SUBJECT: Early Intervention Services.

FIRST AUTHOR: Sen. Drozda
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☒ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill requires health benefit plans to provide coverage for early intervention services and to reimburse the First Steps program for the services according to a method specified by the Secretary of Family and Social Services. The bill increases the annual maximum amount of early intervention services reimbursement from \$3,500 to \$4,500.

Effective Date: July 1, 2003.

Explanation of State Expenditures: Premiums for state government employee health care may increase. It is unknown if the state would absorb any additional costs resulting from this bill or pass the costs on to employees in the form of higher deductibles, higher premiums, or by limiting other conditions covered.

Explanation of State Revenues: This bill will increase state revenue. The amount of revenue collected depends upon the percentage of children enrolled in First Steps that have private insurance. The number of enrolled children with private insurance is currently unknown. For purposes of this analysis it is assumed that approximately 64% of enrolled children have private insurance (based upon national data collected by Center for Disease Control in 2002). Given this assumption, the estimated revenue from reimbursement would be **\$22.9 M** annually.

Background: This bill makes three changes to current law. The bill (1) includes the First Steps program as a provider eligible for reimbursement under a health benefit plan; (2) requires insurers to include early intervention services in health benefits; and (3) requires that a health benefits plan reimburse First Steps for up to \$4,500 worth of services provided. This is a change from the present requirement where an insurer shall voluntarily reimburse First Steps only if the health benefit plan provides coverage for early intervention

services. It is unknown how many of these children have health insurance from a third party provider. First Steps did not receive reimbursement from any third party providers last year.

The First Steps program served 18,259 children during FY 2002. The current enrollment is 10,141 children. The estimated state expenditure for FY 2003 is approximately \$38 M, with total expenditures totaling \$63.7 M (see table below for more detail). Participants over 200% of the federal poverty level (FPL) are ineligible for federal reimbursement. There were approximately 6,221 children at or under 100% FPL and an additional 4,147 between 101% and 200% FPL served by First Steps over the course of FY 2002. An estimated 43% of children are in families with incomes at or above 201% FPL and are ineligible for federal reimbursement.

Current Funding Source Estimates: SFY 2003.

Category	Fund Amount
Federal Early Intervention - Part C	\$3,117,775
TANF Federal Reimbursement	\$12,074,825
Medicaid Reimbursement	\$10,547,478
Federal Subtotal	\$25,740,078
State Early Intervention	\$5,590,658
Social Security Block Grant	\$15,613,192
TANF - Maintenance of Effort	\$16,735,829
Bank Interest	\$50,000
State Subtotal	\$37,989,679
Total	\$63,729,758

The state is currently in the process of promulgating a rule for sliding scale cost participation fees. The sliding fee scale will be for participants over 350% of FPL. This scale establishes a copayment requirement for families with incomes above 350% (see table below). For families with third party insurance the copayment will be counted towards the \$4,500 reimbursement. For example a family with 800% FPL in income would normally be required to pay \$1,500 in cost sharing and copayments for treatment annually. However, if the family has insurance, the insurer would be required to pay \$1,500 plus any remaining cost of services up to an additional \$3,000 (\$4,500 reimbursement required less \$1,500 copay nets \$3,000 reimbursable services).

Current Participation and Proposed Cost Share

Percentage Poverty	Number of Families	Copay per Treatment	Max Copay per Month	Max Copay per Year
<= 350%	8,044	\$0	\$0	\$0
351-450%	951	\$5	\$25	\$300
451-550%	453	\$10	\$50	\$600
551-650%	260	\$15	\$75	\$900
651-750%	146	\$20	\$100	\$1,200
751-850%	56	\$25	\$125	\$1,500
851-1000%	56	\$30	\$150	\$1,800
1001%>	175	\$36	\$180	\$2,160
Total	10,141		\$127,425	\$1,529,100

Explanation of Local Expenditures: Premiums for local government employee health care may increase. It is unknown if local groups would absorb any additional costs resulting from this bill or pass the costs on to employees in the form of higher deductibles, higher premiums, or by limiting other conditions covered. Cost sharing of health benefit premiums varies widely by locality.

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, All.

Local Agencies Affected: All.

Information Sources: Susan Kilty, Deputy Legislative Director, FSSA, 317-232-4451; Center for Disease Control, National Center for Health Statistics, *Early Release of Selected Estimates Based on Data from the First Quarter of 2002 National Health Interview Survey*, September 20, 2002.

Fiscal Analyst: Michael Molnar, 317-232-9559